

[REDACTED]
[REDACTED]
[REDACTED]
MAY 03 1990

CERTIFIED MAIL

Dear Applicant:

We have considered your application for exemption from federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code, and the information submitted in support thereof.

The data submitted discloses you were incorporated on [REDACTED] under the laws of the [REDACTED]. Your stated purposes are to promote the common business interests of and improve business conditions for the licensees of [REDACTED] and provide information, a format for discourse and such other services as may be useful to the licensees of [REDACTED].

Your membership consists of [REDACTED] members from across the United States who are car rental firms working under a formal franchise agreement with [REDACTED].

You state your prime activity is to provide educational information to your members. Included in this service is information on how to legally hire and fire employees, how to maximize the use of a firm's fleet of rental cars and how to use proper bookkeeping systems and other business activities. Information is conveyed to the members through a newsletter and semi-annual meetings.

In addition, you operate a Group Purchasing Program. This program is for the benefit of members. Your organization contacts suppliers of goods and services and negotiates discounts for your members who purchase from these vendors.

Your gross receipts are derived from membership dues, group purchasing and meeting registrations.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association or union having some common business interest the purpose of which is to promote such common interest and not to engage in a regular business or a kind ordinarily carried on for profit. Its activities should be directed to the improvement of business conditions of one or more lines of

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|---------|------------|------------|------------|----------|------------|----------|------------|----------|------------|
| Code | [REDACTED] | Reviewer | [REDACTED] | Reviewer | [REDACTED] | Reviewer | [REDACTED] | Reviewer | [REDACTED] |
| Surname | [REDACTED] | [REDACTED] | [REDACTED] | | | | | | |
| Date | 4/11/96 | 4-11-96 | 15 | 4/11/96 | | | | | |

One or more line of business' refers to a trade or occupation.

In Revenue Ruling 67-77, 1967-1 C.B. 138, an association of dealers selling a particular make of automobile which engaged in financing general advertising campaigns to promote the sale of that particular make was held not exempt because it was performing particular services for its members rather than promoting a line of business, i.e., the automotive industry as a whole.

In National Mufflers Dealers Association vs. U.S., 472, the Court held that an association of a particular brand name of Muffler dealers does not qualify for exemption because the association is not engaged in the improvement of business conditions of a line of business.

In Northwestern Municipal Association vs. United States, 99 F. 2 d 460 (1938) an organization of investment brokers formed to investigate causes of bond defaults and to perform the services members would have been required to perform in making bond investments was held not exempt under section 501(c)(6) of the Code.

In Revenue Ruling 56-65, 1956-1 C.B. 199, an organization which furnished particular information and specialized individual services to its members through publications and other means to effect economics in the operation of their individual businesses was held not exempt under section 501(c)(6).

In Revenue Ruling 60-106, 1969-1 C.B. 153, a manufacturers organization that conducted research and made the results available only to its members rather than to the whole industry was held not exempt under section 501(c)(6).

In Revenue Ruling 66-338, 1966-2 C.B. 226, an organization which facilitated the purchase of supplies and equipment and supply management services for their members was denied exemption under section 501(c)(6).

Based on the information provided your organization provides services for your members who are franchised dealers of [REDACTED]. You do not promote or advance one or more lines of business and you do provide particular services for your members. Therefore, you are not exempt under section 501(c)(6) of the Internal Revenue Code.

You are therefore required to file federal income tax returns on Form 1120.

[REDACTED]

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office or, if you request, at any mutually convenient District office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

Sincerely yours,

[REDACTED]
[REDACTED]
District Director

Enclosure: Publication 892